

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07

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SAJ-01 /060 W

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R 011131Z AUG 76

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 2219

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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C O N F I D E N T I A L SECTION 1 OF 2 OSLO 3723

E.O. 11652: GDS

TAGS: NATO, AWACS, MILI

SUBJ: NORWEGIAN PARTICIPATION IN PROCUREMENT FUNDING OF NATO AEW

REFS: (A) STATE 174600, (B) USNATO 3305, (C) USNATO 3295, (D)

(D) OSLO

2861, (E) OSLO 2756, (F) OSLO 2606, (G) OSLO 1849,

(H) OSLO 1448

SUMMARY: TO GAIN ACTIVE NORWEGIAN PARTICIPATION IN NATO AEW

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SYSTEM WILL REQUIRE THAT WE SATISFY THEM ABOUT COST, NEED AND

EFFECTIVENESS, AND OPERATIONAL AND POLITICAL ASPECTS OF THE SYSTEM. WE WILL ALSO HAVE TO OVERCOME SOME BEDROCK NORWEGIAN INSULARITY. TO DO THIS WE WILL HAVE TO APPROACH THE PROBLEMS THEY HAVE RAISED WITH AWACS HEAD-ON WITH PROPOSALS THAT MEANINGFULLY DEAL WITH THEIR PRINCIPAL CONCERNS. ANYTHING SHORT OF THIS WILL ALMOST CERTAINLY RESULT IN NORWEGIAN REFUSAL TO TAKE PART IN THE PROGRAM, A POSITION THEY WERE ON THE VERGE OF ANNOUNCING AT THE JUNE DPC MEETING. WE RECOMMEND THAT EMBASSY BE AUTHORIZED TO DISCUSS CONCRETE US PROPOSALS WITH NORWEGIAN MOD AS SOON AS POSSIBLE. END SUMMARY.

1. WE FULLY SHARE WASHINGTON'S DESIRE TO OBTAIN A FORMAL NORWEGIAN COMMITMENT TO THE AEW SYSTEM THIS FALL. AND WE RECOGNIZE THE IMPORTANCE SUCH A COMMITMENT, EVEN IF ONLY MODEST, CAN HAVE ON THE OVERALL AEW PROGRAM. THE NORWEGIANS HAVE PROFESSED AN APPRECIATION OF THE NEED FOR AND THE CAPABILITIES OF THE PROPOSED NATO AEW SYSTEM, AND HAVE SAID THEY STILL HAVE AN OPEN MIND CONCERNING IT.

2. HOWEVER, IN OUR VIEW THE NORWEGIANS ARE STILL PREDISPOSED AGAINST ACTIVE PARTICIPATION IN THE AEW PROGRAM BECAUSE THEY CONTINUE TO HAVE THREE SUBSTANTIAL CONCERNS ABOUT THE PROGRAM: (A) ITS COST AND THEREFORE THE PRIORITY THE GON SHOULD ACCORD IT IN NORWAY'S DEFENSE PLANS; (B) CERTAIN TECHNICAL PROBLEMS; AND (C) CERTAIN POLITICAL PROBLEMS ASSOCIATED WITH THE OPERATION OF THE AEW. IF WE ARE TO BE SUCCESSFUL IN GETTING NORWAY'S PARTICIPATION, WE WILL HAVE TO DEAL VERY CONCRETELY WITH EACH OF THESE CATEGORIES OF NORWEGIAN CONCERN, AND WE WILL HAVE TO OVERCOME SOME DEEP SEATED NORWEGIAN CONCERN TOWARD PROJECTS OVER WHICH THEY DO NOT EXERT FULL CONTROL.

3. WE BELIEVE THAT THE ASSESSMENT OF NORWEGIAN INTENTIONS VIS-A-VIS THE AEW PRESENTED IN REFTEL A IS SOMEWHAT MORE OPTIMISTIC THAN THE RECORD HERE MAY WARRANT. THE NORWEGIANS HAVE MADE KNOWN THEIR CONCERNS ON AWACS IN A NUMBER OF TALKS WITH USG OFFICIALS IN RECENT MONTHS. IN MAY THE NORWEGIANS TOLD ASYG LA BERGE THAT NORWAY COULD NOT PARTICIPATE IN THE AEW AIRCRAFT PURCHASE OR IN ITS OPERATION AND MAINTENANCE, AND CAN ONLY SUPPORT THE HARDWARE

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INTERFACE BETWEEN THE AEW SYSTEM AND NADGE (OSLO 2600). IN JUNE, UNDER SECRETARY HOLST, WHO WILL HAVE A DECISIVE VOICE IN SETTING POLICY, TOLD EMBASSY OFFICERS THAT OTHER PRIORITIES MUST TAKE PRECEDENCE, NOT LEAST OF WHICH IS MODERNIZATION OF GROUND ENVIRONMENT NETWORK. HE STATED THAT NORWAY WOULD NOT PARTICIPATE AS FULL FLEDGED PARTNER IN NATO AEW PROGRAM AND, AS A CONSEQUENCE, THERE WERE NO PLANS TO SIGN SOU OR TO CONTRIBUTE TO INTERIM FINANCING (OSLO 2861). THE NORWEGIANS HAVE NOT INCLUDED FUNDS FOR

AEW IN THE DEFENSE BUDGETARY PROCESS (OSLO 2756). CONSEQUENTLY, SHORT OF AN EXTRAORDINARY BUDGET REQUEST, WHICH NOW WOULD SEEM UNLIKELY, EARLIEST FUNDING AVAILABLE WOULD BE IN 1978. BUDGET.

4. THEY WERE READY, WE BELIEVE, TO INFORM THE JUNE DPC, AS HOLST INFORMED US, THAT THEY WERE NOT PREPARED TO PARTICIPATE AS A FULL FLEDGED PARTNER IN AWACS; THEY WERE GOING TO STATE THEY COULD NOT SIGN THE SOU AND WOULD NOT CONTRIBUTE TO INTERIM FINANCING. SWIFT AND EFFECTIVE ACTION THROUGH USNATO, WE BELIEVE, AT LEAST TEMPORARILY AVERTED SUCH AN ANNOUNCEMENT. DEFENSE MINISTER HANSEN'S LATER STATEMENT THAT NORWAY WAS PREPARED TO PARTICIPATE IN EVALUATIONS NEEDED TO PREPARE FOR A DECISION (USNATO 3295) AND DEFENSE MINISTRY UNDER SECRETARY HOLST'S SUBSEQUENT AGREEMENT NOT TO MAKE A PREMATURE STATEMENT OF INTENT AT THIS POINT SUGGEST A DELAY IN ANNOUNCING NON-PARTICIPATION RATHER THAN ANY CHANGE IN NORWEGIAN POSITION. WHILE BOTH MEN AGREED TO BE NON-COMMITTAL, HOLST RESTED THE NORWEGIAN VIEW THAT THE BEST PRESENT NORWEGIAN ESTIMATE IS THAT THEIR PARTICIPATION IN NATO AEW WILL PROBABLY HAVE TO BE LIMITED TO MAKING THEIR EXISTING GROUND RADAR SYSTEM COMPATIBLE WITH NATO AEW (USNATO 2305).

5. ONE PRIMARY APPARENT NORWEGIAN CONCERN ABOUT AWACS IS COST AND ITS EFFECT ON THEIR OWN PRIORITY DEFENSE INTERESTS. THEY HAVE REPEATEDLY SOUGHT TO OBTAIN CONCRETE COST INFORMATION, AND THEY HAVE NOT BEEN SATISFIED THAT THEY YET FULLY COMPREHEND THE COST IMPLICATIONS FOR NORWAY. AT A TIME WHEN DEFENSE FUNDS HERE ARE LIMITED THEY PREFER TO SPEND AVAILABLE FUNDS ON OTHER PROJECTS WHERE THE VISIBLE BENEFITS ARE CLEARER TO THEM AND THE PHYSICAL FACILITIES ARE IN NORWAY AND UNDER THEIR CONTROL. THEY PLACE GREATER PRIORITY ON (A) IMPROVING THEIR NADGE GROUND EARLY WARNING RADAR SYSTEM, WHICH THEY HOPE TO DO WITH NATO INFRASTRUCTURE FUND HELP OVER THE NEXT 10 YEARS AT A COST ESTIMATE OF \$200 MILLION
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AND WHICH WILL BE COMPATIBLE WITH THE NATO AEW SYSTEM, (B) PRODUCING THE F-16, AT AN ESTIMATED COST OF \$500 MILLION OVER 8 YEARS, (THOUGH) A LARGE PORTION OF THIS SHOULD BE RECOUPED THROUGH CO-PRODUCTION RETURNS IN LATER YEARS); AND (C) DEVELOPING A NEW COAST GUARD, WHICH IS ESTIMATED TO COST APPROXIMATELY \$250 MILLION OVER FIVE TO EIGHT YEARS. RECENT REALIZATION THAT F-16 RELATED INDUSTRIAL TOOLING COSTS MAY RUN APPROXIMATELY \$14 MILLION HIGHER THAN EXPECTED HAS FURTHER INCREASED DEFENSE MINISTRY CONCERNS ABOUT IMPACTS OF VARIOUS PROGRAMS ON THEIR FUTURE BUDGETS. AND WHILE THE FUNDS INVOLVED MAY SEEM SMALL TO THE USG, THEY REPRESENT A FAIRLY SUBSTANTIAL AMOUNT OF THE AVAILABLE FUNDING IN NORWAY'S \$871 MILLION ANNUAL DEFENSE BUDGET. THE LONG-TERM DEFENSE PLAN CALLS FOR AN ANNUAL REAL INCREASE OF ONLY 2.25 PERCENT.

6. THE NORWEGIANS HAVE LIKEWISE VOICED SKEPTICISM ABOUT THE CERTAIN

TECHNICAL ASPECTS OF THE SYSTEM, PARTICULARLY ITS ALLEGED
VULNERABILITY. DESPITE US EFFORTS TO ALLAY THESE CONCERNS
(OSLO 1848), HOLST HAS SAID THEY PERSIST (OSLO 2861).

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C O N F I D E N T I A L SECTION 2 OF 2 OSLO 3723

7. THE NORWEGIANS ARE ALSO

CON-

CERNED ABOUT PROBLEMS

RELATED TO THE POSSIBLE OPERATION OF THE AWACS AIRCRAFT IN

NORWEGIAN AIR SPACE (OSLO 2861). THESE ISSUES TOUCH UPON THE

HEART OF NORWAY'S WISH TO HAVE EFFECTIVE CONTROL OVER THE INSTAL-

LATIONS; THEY ALSO STRIKE CLOSELY UPON THE BEDROCK OF INSULARITY AND CONCERN FOR PROTECTION OF NATIONAL SOVEREIGNTY WHICH UNDERLIES MUCH OF NORWEGIAN THINKING ON FOREIGN AND DEFENSE POLICY. THE NORWEGIANS ARE PRIMARILY CONCERNED IN THIS REGARD ABOUT
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THE EFFECT REGULAR OPERATION OF THE AIRCRAFT MIGHT HAVE ON THEIR OWN NATIONAL CONTROL AND ADDITIONALLY ON THEIR BILATERAL RELATIONS WITH THE USSR. ONE ASPECT OF NORWAY'S BASE POLICY, AIMED AT MINIMIZING ANY PROVOCATIONS TO THE SOVIETS, PROVIDES THAT NO FOREIGN TROOPS WILL BE STATIONED IN NORWAY DURING PEACETIME. HOLST RAISED THAT ISSUE WITH US FOR THE FIRST TIME BEFORE THE DPC MEETING, WHEN HE STATED THAT NORWAY DOES NOT FORESEE PERMANENT, SCHEDULED AWACS AIRCRAFTS PATROLLING ROUTES IN NORWEGIAN AIRSPACE, ALTHOUGH AIRCRAFT WOULD BE WELCOMED ON MANEUVERS OR AT TIMES OF HIGH INTERNATIONAL TENSION. THESE POSSIBLE LIMITATIONS ON THE OPERATION OF AWACS AIRCRAFT IN NORWEGIAN AIRSPACE COULD, ACCORDING TO HOLST, INVOLVE THE NUMBER AND FREQUENCY OF FLIGHTS, COMPOSITION OF CREWS, I.E., NORWEGIAN PARTICIPATION, OPERATIONAL CONTROL AND THE LIKE (USNATO 3305). WE ARE NOT YET SURE HOW FUNDAMENTAL NORWEGIAN CONCERNS ARE IN THIS AREA, THOUGH CLEARLY SOME OF THESE POTENTIAL LIMITATIONS COULD SERIOUSLY HAMPER AWACS USE OVER NORWAY IN PEACETIME.

8. WE BELIEVE, THEREFORE, THAT WE MUST STILL OVERCOME SUBSTANTIAL OBSTACLES TO OBTAIN NORWEGIAN PARTICIPATION IN THE NATO AEW. ON THE OTHER HAND, THE NORWEGIANS HAVE STATED THEY RECOGNIZE NATO'S NEED AND THE VALUE OF THE SYSTEM AND THEY HAVE INDICATED THEIR DESIRE TO MAKE COMPATIBLE THEIR GROUND ENVIRONMENT RADAR NETWORK, ALTHOUGH IT IS STILL DOUBTFUL THEY WILL SPEND THEIR MONEY ON THE SYSTEM ITSELF. HOWEVER, IF THE NORWEGIANS ARE PERSUADED THAT AWACS PROPOSAL IS VITAL TO ALLIANCE INTERESTS AND SOLIDARITY, THEY CAN BE COUNTED ON TO GIVE AN AEW PROPOSAL FULL HEARINGS.

9. WE RECOMMEND THAT WASHINGTON BUILD ON THE INFORMATION IN PARA 5 OF STATE 174600 TO PROVIDE US WITH A CONCRETE PROPOSAL WHICH WE CAN TAKE UP WITH THE GON. SUCH A PROPOSAL SHOULD SPECIFICALLY ADDRESS NORWEGIAN CONCERNS IN THE THREE AREAS OUTLINED ABOVE. FOR EXAMPLE, OUR PROPOSAL SHOULD BE MORE SPECIFIC AND INCLUDE REAL AND HOPEFULLY FIRM COST FIGURES. WE SHOULD DIRECTLY ADDRESS THE QUESTION OF POSSIBLE COST INCREASES, JGD WAYS TO AVERT THEM. ARE THERE WAYS WE CAN REDUCE THE SYSTEM'S COSTS TO NORWAY; FOR EXAMPLE, DOES THE OFFER OF TECHNICAL ASSISTANCE MENTIONED IN STATE 174600 INVOLVE A SPECINJC IDENTIFIABLE
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AMOUNT OF MONEY? HAVE WE EXPLORED THE POSSIBILITIES OF INDUSTRIAL COLLABORATION OR CO-PRODUCTION, SUCH AS THOSE THAT BOUYED ATTITUDES TOWARD THE F-16?

10. IT IS POSSIBLE THAT A DEMONSTRATION OF THE SYSTEM WOULD ALLEVIATE SOME OF THE NORWEGIAN TECHNICAL CONCERNS, THOUGH NORWEGIAN OFFICIALS DID TAKE PART IN ONE APRIL 10, 1975 AWACS DEMONSTRATION CONDUCTED IN THE UK. HOWEVER, A DEMONSTRATION FLIGHT, AT LEAST OVER NORWAY, MIGHT RAISE SOME OF THE BROADER POLICY PROBLEMS HOLST HAS FORESEEN AT A TIME WHEN THE NORWEGIANS MAY NOT BE PREPARED TO ADDRESS THEM. SO WHILE WE MIGHT DIRECTLY ASK ABOUT INTEREST IN A DEMONSTRATION, WE BELIEVE THE REPLY WILL BE IN THE NEGATIVE AT THIS STAGE, AND NO POSITIVE RESPONSE WILL COME UNTIL THE NORWEGIANS HAVE A MORE FAVORABLE ATTITUDE TOWARD THE SYSTEM AND ARE READY TO CONSIDER DIRECTLY WHAT REMAINING TECHNICAL QUESTIONS THEY HAVE. ON BALANCE, WE BELIEVE A DEMONSTRATION FLIGHT WILL NOT SOLVE THE PROBLEMS THEY NOW HAVE WITH THE SYSTEM, AND IT WOULD BE BETTER TO HOLD THAT OFFER TO A MORE PROPITIOUS TIME.

1. FINALLY, ANY PROPOSAL WE MAKE TO THE NORWEGIANS WILL HAVE TO DEAL WITH THEIR QUESTIONS ABOUT OPERATIONAL ARRANGEMENTS FOR FLYING THE AWACS IN NORWEGIAN AIR SPACE. WE WILL HAVE TO ANSWER CONCRETELY THEIR QUESTIONS ABOUT FLIGHT FREQUENCY, REGULAR VS. PERIODIC ROUTINGS, CREW COMPOSITION AND OPERATIONAL CONTROL. WE MUST ALSO GIVE THEM A SENSE OF THE PRIORITY WHICH OUR GOVERNMENT ACCORDS TO THEIR PURCHASE OF AWACS, BEARING IN MIND THAT THEY FOLLOW WITH GREAT CARE THE CONGRESSIONAL DEBATE ON AWACS AND THE ATTITUDES OF OTHER NATO NATIONS TOWARD THE SYSTEM.

12. WE BELIEVE MOST EFFECTIVE NEXT STEP WOULD BE FOR US TO DEVELOP PROPOSALS TO DEAL WITH NORWAY'S QUESTIONS AND CONCERNS ABOUT AWACS RAISED IN PARA 9, 7, AND 11 AND FOR EMBASSY TO PUT THESE PROPOSALS BEFORE SECRETARY HOLST. WE WOULD ALSO HOPE AT THAT TIME TO GET A BETTER IDEA OF HOW SERIOUS NORWEGIAN CONCERNS ARE WITH THE GENERAL POLICY ISSUES INVOLVED IN OPERATING THE AEW OVER NORWAY.

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Capture Date: 01 JAN 1994
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Copy: SINGLE
Draft Date: 01 AUG 1976
Decaption Date: 01 JAN 1960
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